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TAGS: [PGOV](#) [KDEM](#) [EG](#)  
SUBJECT: KEFAYA'S REPORT ON CORRUPTION IN EGYPT

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¶1. (SBU) SUMMARY: On July 4, the Egyptian opposition movement Kefaya published a 274-page report entitled "Corruption in Egypt: The Black Cloud is Not Disappearing." The report concludes that corruption has permeated all levels and aspects of Egyptian society, and stands in the way of further economic and social development. Although the report draws from Transparency International, Human Rights Watch, IMF and UNDP reports, as well as Egyptian media sources and legal records, it also relies heavily on information from unreliable sources such as internet blogs and questionable local dailies. It fails to cite the sources for many assertions, several of which seem exaggerated and of questionable veracity. It is not a systematically conducted study, but rather a conglomeration of articles and reports, and does not unveil new cases of corruption or substantiate claims that already are public knowledge. However, Kefaya's efforts to raise Egyptians' awareness of, and engage in discourse on, the major problem of corruption in Egypt is in itself a notable step, and demonstrates that Egyptians are becoming increasingly vocal about sensitive issues despite the possible government backlash. END SUMMARY.

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Overview of the Kefaya Report  
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¶2. (SBU) On July 4, the Egyptian opposition movement Kefaya published a 274-page report entitled "Corruption in Egypt: The Black Cloud is Not Disappearing." Kefaya's report takes a broad view of corruption. It includes sections on corruption in the Ministries of Health, Agriculture, Petroleum, Finance and Antiquities; corruption in Egypt's privatization program; and a section on the interference of security forces in public life. General examples of corruption given in the report include:

- election rigging;
- the Emergency Law;
- nepotism in government and public sector jobs;
- capital flight through official banking channels;
- the use of carcinogenic pesticides without informing the public;
- preferential allocation of lands and housing under the Housing Sector;
- misappropriation of armament commissions;
- nepotistic selection procedures used by the Ministry of the Interior for the police academy;
- torture of police station detainees;
- prostitution rings linked to high-level government figures;
- corruption in the judiciary;
- corruption in the state-owned press;
- the payment of "loyalty bonuses" to high-ranking army and security officials;
- corruption in the education sector;
- corruption in the health sector, including the importing of

defective medicines.

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The Report In Detail  
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13. (SBU) Although the report draws from Transparency International, Human Rights Watch, IMF and UNDP reports, as well as Egyptian media sources and legal records, it also relies heavily on information from unreliable sources such as internet blogs and questionable local dailies. The report also fails to cite the sources for many assertions, several of which seem exaggerated and of questionable veracity. For example, it does not offer supporting evidence for the incendiary claim that President Mubarak's sons control fifty-percent shares in major companies such as Mobinil and Vodafone. With that caveat, following are some highlights:

-- In the introduction, under the title "Corruption Rules Egypt: The Government of Corrupt-istan", the report states, "the biggest problem with corruption lies not in the falling of society's icons ) who belong to the ruling class - one after the other, but in the fact that it became a social law and an underlying behavior that rules the different aspects of the Egyptian life," and asserts that "living in Egypt has become tied to the ability to cope with the governing corruption." The report decries that "the Emergency Law has become the actual constitution of the country," and that President Mubarak, less than a year after his election, has "brushed away all his promises, especially in so far as freedoms and political and constitutional reform." The introduction concludes that, "in his daily life, the average Egyptian citizen is unable to obtain any governmental service without resorting to bribery."

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-- The report maintains that both of Mubarak's sons have fifty-percent shares in companies like Alkharafi, Mobinil, and Vodafone and that Egyptian First Lady Suzanne Mubarak heads hundreds of charity NGOs and transfers their funds to her secret accounts in Swiss banks.

-- The report asserts that National Democratic Party (NDP) Secretary-General and Shura Council speaker Safwat El Sherif

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and his sons are working with a prostitution ring; MP Ibrahim Soliman is involved in "swindling and bribery"; Minister of Interior Habib Al Aadly, together with President Mubarak's sons, is engaged in drug dealing; MP Kamal El Shazly and Minister of Culture Farouk Hosny are smuggling antiquities; and Minister of Finance Youssef Boutros Ghaly is involved in "stock market manipulation."

-- The report accuses the renowned Abou Ghaly and Effat Al Sadat families of involvement in drug dealing that results in their providing monthly payoffs to the Egyptian Drug Agency.

-- The report cites a People's Assembly scandal of January 3, 1999, involving MP's misappropriation of an aid program that largely benefited 21 companies owned or represented by MPs from the ruling National Democratic Party (NDP).

-- The report examines the beating, sexual abuse and extortion of street children detained in mass arrests by police.

-- The report claims that individuals are often put on no-fly lists for purely political reasons. This, despite the fact that individuals facing arrest warrants can use their connections to flee the country, as was allegedly the case with Mamdouh Ismail, the owner of the recently sunken Al-Salam ferry.

-- The report accuses numerous businessmen of defaulting on

bank loans and fleeing the country, including Tawfeeq Abdel Hay in 1982; Ashraf El Saad in 1991 and 1995; and George Hakim in 1994. The report claims that by 2001, 853 cases had been filed against businessmen who had fled the country to escape charges.

14. (SBU) Comment: The Kefaya report is not a systematically conducted study, but rather a conglomeration of articles and reports from various sources. It does not unveil new cases of corruption or substantiate claims that already are public knowledge. However, Kefaya's efforts to raise Egyptians, awareness of, and engage in discourse on, the major problem of corruption in Egypt is in itself a notable step, and demonstrates that Egyptians are becoming increasingly vocal about sensitive issues despite the possible government backlash.

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